GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:3517
ANSWERED ON:23.12.2008
EXPORT OF GEM AND JEWELLERY
Pallani Shamy Shri K.C .

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the export of Gem and Jewellery has slowed down drastically during the current year;

(b) if so, the details along with the reasons therefor;

(c) whether the Government has taken any steps to boost the exports of the same;

(d) if so, the details thereof;

(e) whether the Union Government has any proposal to set up an International Gems and Jewellery Training Institute at Chennai;

(f) if so, the details thereof; and

(g) the time by which the said Institute is likely to be set up?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY(SHRI JAIRAM RAMESH)

(a)& (b) According to information received from the Gem & Jewellery Export Promotion Council (GJEPC), the overall export of gem and jewellery has declined 16.34% and 34.25% (in US $ terms) in October 2008 and November 2008 respectively as compared to the same period in the previous year. Main reasons are fall in consumer demand across the world, build up of inventories due to lack of sufficient demand and liquidity problems.

(c) & (d) Some of the remedial measures taken by the Government to boost export, including gems and jewellery export, are as follows:-

(i) The period of entitlement of the first slab of pre-shipment rupee export credit, available at a concessional interest rate ceiling of the benchmark prime lending rate (BPLR) minus 2.5 percentage points has been extended from 180 days to 270 days.

(ii) The period of entitlement of the first slab of post shipment rupee export credit, available at a concessional interest rate ceiling (not exceeding BPLR minus 2.5 percentage points) have been extended from 90 days to 180 days.

(iii) Prescribed interest rate as applicable to post shipment rupee export credit (not exceeding BPLR minus 2.5 percentage points) has been extended to overdue bills upto 180 days from the date of advance.

(iv) Pre and post shipment export credit have been provided an interest subvention of 2 percent upto 31/3/2009 subject to minimum rate of interest of 7% per annum.

(v) Additional funds of Rs.1,100 crore has been provided to ensure full refund of terminal excise duty / Central Sales Tax.

(vi) Government back-up guarantee has been made available to Export Credit Guarantee Corporation of India Ltd. to the extent of Rs 350 crore to enable it to provide guarantees for exports to difficult markets/products

(vii) Exporters have been allowed refund of service tax on foreign agent commissions of upto 10 percent of FOB value of exports and refund of service tax on output services while availing of benefits under Duty Drawback Scheme.

(e) to (g) Union Government has no proposal to set up an International Gems and Jewellery Training Institute at Chennai. However, GJEPC has informed that they had represented to the State Government of Tamil Nadu to provide free or subsidized land to set up an International Gems and Jewellery Training Institute at Chennai.